



Maine Consensus Economic Forecasting Commission, Fall 2025
Information Gathering Session Summary

October 6, 2025



Abstract

For the fifteenth consecutive year, business leaders, industry groups, state agencies, and higher education professionals shared economic data and industry-specific information with the Consensus Economic Forecasting Commission (CEFC) prior to their fall economic forecasting meeting. Presenters provided their perspectives on trends in their industries and their perspectives on Maine's economic challenges and opportunities. Any economic data, observations or forecasts contained in this summary appear as they were heard and interpreted at the meeting and the CEFC is not responsible for their accuracy. The views described in this summary do not necessarily reflect the views of the CEFC. The current official forecast of the CEFC can be found at <https://www.maine.gov/dafs/economist/economicforecasting>.

Adam Krea, MaineHousing

Mr. Krea shared an update on MaineHousing's recent activity in both single-family and multifamily housing. On the single-family side, MaineHousing's mortgage rate only increased to 5.95% throughout 2025, well under the market rate of about 7.25% and continues to include down payment assistance. As of October 1, 2025, the agency made 966 single-family loans (up 38% from the prior year) and projects reaching or exceeding 1,200 loans next year. MaineHousing continues to focus on affordability, with the greatest reach in Androscoggin and Kennebec counties.

On the multifamily side, MaineHousing has 91 rental projects in its pipeline totaling \$1.4 billion in development costs and about 3,500 units, with rates of roughly 5.5% for tax-exempt and 6–6.5% for taxable financing. There are also 17 affordable subdivisions and condominium developments totaling 231 housing units. Construction costs are beginning to stabilize, with recent projects ranging from \$250–260 per square foot in Bangor to \$352 per square foot for historic rehabilitation in Portland.

Looking ahead, MaineHousing expects 2026 to be a slower year for multifamily development as federal COVID relief and state appropriations wind down, with roughly one-third as many new project starts anticipated. A new state funding stream is expected in 2027, which should help rebuild capacity. Despite challenges in meeting demand - particularly in the southern parts of the state - MaineHousing is producing roughly three times the number of affordable units compared to pre-COVID years, significantly narrowing but not closing Maine's overall housing gap.

Andrew Mueller, MaineHealth

Dr. Mueller shared insights on the major forces shaping Maine's healthcare sector in the coming years, noting that the system will be under growing pressure from demographic,

financial, and workforce challenges. Maine's population aged 65 and older is projected to continue to rise, creating unprecedented demand for healthcare services. At the same time, a shift toward Medicare and Medicare Advantage payments will further strain finances, as these Medicare covers around 85% of costs, and Medicaid Advantage covering only 92% of that.

Workforce shortages remain a key concern, with three-quarters of all new workforce entrants needing to choose healthcare careers to meet future demand. This will create an increasingly competitive labor market. Additional pressures include flat federal reimbursements that do not keep pace with inflation, rising drug costs (particularly for new specialty medications), ongoing tariff effects on medical supplies, and continued vaccine hesitancy.

Dr. Mueller emphasized that providers will need to adapt by improving efficiency and restructuring care delivery. Examples include reducing positions through attrition rather than layoffs, lowering turnover, shifting more care to outpatient and urgent care settings, expanding telehealth offerings, and pursuing new initiatives such as Trellis Health. While telehealth use declined after its pandemic peak, Dr. Mueller expects renewed growth as providers focus on convenience and patient trust.

[Josh Steirman, Maine Bankers Association](#)

Mr. Steirman from the Maine Bankers Association provided an overview of current banking and economic conditions in Maine. Overall, economic fundamentals remain strong, with healthy commercial and residential demand and only a modest uptick in delinquencies, which remain at historically low levels. Bank portfolios are strong, though the current rate environment continues to influence both lending and deposit activity.

On the commercial side, most development projects are less sensitive to rate changes, with zoning and construction costs serving as larger constraints. Tariffs have not had a significant impact to date. Residential activity has slowed somewhat, though Maine bankers expect refinance interest to increase once mortgage rates fall to around 5% or below. Limited housing inventory continues to restrict purchase activity.

Deposit management remains a key focus, as deposit rates typically reprice faster than loan rates, allowing for short-term margin improvements. Longer-term, banks are monitoring potential shifts of funds into unregulated or crypto markets, though this trend has not yet materialized.

Mr. Steirman noted that Maine banks remain well-capitalized with strong leverage ratios and healthy competition among local institutions. Customers' cash reserves and liquidity are closely aligned with solid credit quality. While compliance requirements continue to strengthen the financial system, they also raise barriers to entry, contributing to gradual consolidation within the industry - though Maine's rate of consolidation remains slower than national trends.

Nate Cloutier, Hospitality Maine

Mr. Cloutier provided an overview of Maine's 2025 summer tourism season and workforce trends. Overall hospitality sales remained historically high but leveled off after strong post-pandemic growth. Lodging and restaurant sales were up nominally but declined slightly in real terms after adjusting for inflation. Hotel occupancy fell 4.8% while average daily rates rose 1.5%, resulting in a 3.4% decline in revenue per available room. Restaurants maintained steady traffic but reported increased price sensitivity among guests.

Nearly half of operators (47%) reported being short-staffed - especially in restaurants - citing housing shortages, wage pressures, and uncertainty around H-2B and J-1 visa programs. Many businesses have had to limit hours or capacity to maintain service quality. Labor shortages have persisted despite wage increases and benefits, with employers noting that even competitive pay has not always filled positions.

Weather, consumer spending, and cost inflation were cited as key factors influencing the summer season, alongside reduced Canadian visitation and fewer cruise ships. Most operators described 2025 as "slightly stronger" or "about the same" as 2024 and expressed cautious optimism for 2026. Domestic leisure travel remains steady, though stays are shorter, and the unfavorable exchange rate has tempered Canadian travel.

Mr. Cloutier noted that weather has become a growing wildcard for tourism and that travelers are planning trips on shorter notice.

Kyrsta West, Maine Forest Products Council

Ms. West provided an overview of Maine's Forest Products sector, describing it as an \$8.3 billion economic powerhouse that continues to be a vital part of Maine's economy despite ongoing challenges. The sector supports over 29,000 jobs statewide and contributes \$3.4 billion in value-added impact, representing about 3.45% of Maine's total GDP. While employment has declined roughly 7% since 2019, Ms. West emphasized that the industry still maintains a statewide footprint, with forest products jobs present in every county.

The industry's composition has changed substantially since 2019. Paper manufacturing sales have fallen by 41%, while wood product manufacturing has increased by 45%, reflecting a shift away from traditional printing and writing papers toward more diversified products such as packaging, tissue, and specialty papers. Remaining mills have emerged more resilient and better positioned to adapt, while sawmills and engineered wood manufacturers continue to expand production capacity.

Recent and ongoing capital investments (totaling more than \$1.5 billion across pulp and paper, sawmills, engineered wood, biomass energy, and trucking) are aimed at modernizing equipment, increasing production, increasing the value of products, and reducing reliance on

external energy sources. Projects such as new biorefineries in Lincoln, Millinocket, and Limestone, as well as an oriented strand board plant at the former Jay mill site, illustrate how the sector is reinventing itself.

Ms. West noted that while this is a transitional time, there is optimism that the declines identified in recent years are temporary. However, she underscored that additional investment will be needed to offset lower harvesting volumes and support diversification. The logging workforce remains older on average (47–48 years), and maintaining steady demand for harvested wood is critical to keeping skilled workers in the sector.

She also highlighted broader market forces shaping the industry's outlook. Roughly 2 million acres of forestland are now enrolled in carbon markets, which can complement sustainable management practices, though strong markets for wood products remain the most effective incentive for landowners to grow more timber. At the same time, softwood tariffs have risen from 14.5% to 35%, with an additional 10% increase, creating challenges for mills along the Canadian border while potentially benefitting those located deeper within the state. Employers are also closely watching implementation of Paid Family and Medical Leave (PFML), given the sector's reliance on highly skilled, specialized workers in sawmills and pulp and paper operations.

Thomas Brown, Maine Automobile Dealers Association

Note: Mr. Brown was unable to attend the meeting. The following is a summary of comments provided by email.

Mr. Brown summarized recent trends and challenges in Maine's auto retail industry. The Maine Automobile Dealers Association represents 115 franchised new car and truck dealerships across the state, employing over 6,000 people. Collectively, these dealerships sell roughly 60,000-65,000 new vehicles and 55,000-60,000 used vehicles annually.

New and used vehicle sales through the first three quarters of 2025 were roughly even with 2024. Temporary spikes occurred in early spring and late summer due to tariff announcements and the pending expiration of federal EV tax credits. Dealers expect slower sales in late 2025 and into 2026, driven by high interest rates, rising vehicle prices, the end of EV incentives, and broader economic uncertainty.

Service and maintenance activity remains strong, through technician shortages, parts delays, and tariff-related cost pressures persist. Tariffs are a major concern, with frequent policy changes creating uncertainty for pricing and inventory planning.

Mr. Brown emphasized that vehicle affordability, high living costs, and interest rates are key factors affecting future sales. Greater economic and policy stability would provide much-needed predictability for Maine's dealerships and consumers.